



CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

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TESTIMONY OF  
LOUIS BACH  
CONNECTICUT BUSINESS AND INDUSTRY ASSOCIATION  
BEFORE THE  
COMMERCE COMMITTEE  
TUESDAY, FEBRUARY 28, 2012

Good morning Senator LeBeau, Representative Berger, and members of the Commerce Committee. My name is Louis Bach of the Connecticut Business and Industry Association (CBIA). CBIA represents approximately 10,000 companies which range from one person entities to our state's largest employers. Over eighty-five percent of our member companies have fewer than 50 employees.

CBIA supports **HB-5265 ACC Small Business Lending** as it would help businesses gain access to capital. This measure would have the state invest in U.S. Small Business Administration (SBA) loan guarantees arising from loans to Connecticut companies under the SBA's 7(a) Guaranteed Loan program, and finance the one-time "guarantee fee" borrowers must pay. In tandem with the state's Revolving Loan Fund administered by the Department of Economic and Community Development (DECD), this proposal would help businesses' access capital.

This bill would help serve those companies looking to borrow in excess of the \$100,000 maximum offered by the Revolving Loan Fund. SBA 7(a) loans are available in amounts up to \$5,000,000; a substantial portion of each loan is guaranteed by the Federal Government and can be purchased in the secondary market. Purchasing the guaranteed portion of these low-risk loans (backed by the full faith and credit of the United States) to Connecticut businesses would encourage banks to lend to those businesses.

We would like to see one addition to this measure. The SBA charges borrowers a one-time "guarantee fee," a percentage of the loan amount, that often dissuades a business from borrowing even where capital is available. We believe this measure could be of even greater assistance if it included a provision to subsidize this fee in order to assist borrowers in accessing newly-available capital.

We urge you to support this measure and modify it as suggested above.

Thank you for the opportunity to testify today.